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Letter dated 2 May 2008 from the Deputy Permanent Representative of the United States of America to the United Nations addressed to the Chairman of the Committee

The United States Mission has the honour to attach its report pursuant to paragraph 13 of United Nations Security Council resolution 1803 (2008) on the steps taken by the Government of the United States to implement paragraphs 3, 5, 7, 8, 9, 10 and 11 of the above-mentioned resolution.

(*Signed*) Alejandro D. **Wolff**
Ambassador

08-34252 (E) 110608

Annex to the letter dated 2 May 2008 from the Deputy Permanent Representative of the United States of America to the United Nations addressed to the Chairman of the Committee

U.S. 60-day report to the United Nations Security Council on United Nations Security Council resolution 1803 implementation

The United States believes it is essential that Member States swiftly, fully and robustly implement the provisions of United Nations Security Council resolution (UNSCR) 1803 (2008). The United States hereby submits this report on the range of measures it is taking to implement the provisions in UNSCR 1803 and encourages other states to take similar steps. We also note our view that states should take actions complementary to those explicitly required by UNSCR 1803 to achieve the international community's ultimate objective: inducing a change in the Iranian regime's nuclear decision-making and strategic behaviour.

Paragraph 3: Calls upon all States to exercise vigilance and restraint regarding the entry into or transit through their territories of individuals who are engaged in, directly associated with or providing support for Iran's proliferation of sensitive nuclear activities or for the development of nuclear weapon delivery systems, and decides in this regard that all States shall notify the Committee established pursuant to paragraph 18 of resolution 1737 (2006) (herein "the Committee") of the entry into or transit through their territories of the persons designated in the Annex to resolution 1737 (2006), Annex I to resolution 1747 (2007) or Annex I to this resolution, as well as of additional persons designated by the Security Council or the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology specified by and under the measures in paragraphs 3 and 4 of resolution 1737 (2006), except where such entry or transit is for activities directly related to the items in subparagraphs 3 (b) (i) and (ii) of resolution 1737 (2006);

Under U.S. law, aliens reasonably believed to be seeking entry into the United States to engage in an activity to violate or evade U.S. export control laws are inadmissible. Under the relevant provisions, any visa requests by relevant aliens designated in accordance with resolutions 1737, 1747 or 1803 for travel to or through the United States may be denied. The U.S. Department of State has developed a special clearance procedure implementing this provision of the Immigration and Nationality Act (INA). Because such persons may not be permitted to enter into or transit through the United States, we do not anticipate that notifications to the Sanctions Committee will be required.

In addition, under the Controlled Port Access and Special Interest Program (Annex I) of the Maritime Operational Threat Response (MOTR) for the National Strategy for Maritime Security (June 2006), Iran is listed as a non-entrant country. The program denies vessels access to the internal waters and ports of the United States if they are flying the flag of a non-entrant country or have a member of their crew who is a citizen or resident of a non-entrant country, unless such person possesses a valid U.S. visa.

Vessels with any other person onboard who is a citizen or resident of a non-entrant country and who the MOTR agencies have determined, through the

MOTR process, should be denied entry in the specific case will also be considered a non-entrant vessel under the program.

Paragraph 5: Decides that all States shall take the necessary measures to prevent the entry into or transit through their territories or individuals designated in Annex II to this resolution as well as of additional persons designated by the Security Council or the Committee as being engaged in, directly associated with or providing support for Iran's proliferation sensitive nuclear activities or for the development of nuclear weapon delivery systems, including through the involvement in procurement of the prohibited items, goods, equipment, materials and technology specified by and under the measures in paragraphs 3 and 4 of resolution 1737 (2006), except where such entry or transit is for activities directly related to the items in subparagraphs 3 (b) (i) and (ii) of resolution 1737 (2006) and provided that nothing in this paragraph shall oblige a State to refuse its own nationals entry into its territory;

The U.S. Department of State uses its special clearance procedures under the INA by conducting security reviews of certain categories of visa applicants, which would include those designated in Annex II or designated by the Security Council, as described, who are considered to be national security risks. Consequently, any visa requests for travel to or through the United States by the individuals banned from travel in UNSCR 1803 for travel to or through the United States will be subject to enhanced scrutiny and may likely be denied.

Paragraph 7: Decides that the measures specified in paragraphs 12, 13, 14 and 15 of resolution 1737 (2006) shall apply also to the persons and entities listed in Annexes I and III to this resolution, and any persons or entities acting on their behalf or at their direction, and to entities owned or controlled by them and to persons or entities determined by the Council or the Committee to have assisted designated persons or entities in evading sanctions of, or in violating the provisions of, this resolution, resolution 1737 (2006) or resolution 1747 (2007);

On 18 June 2005, the President signed Executive Order 13382 (Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters). The Order allows the United States to block or "freeze" the property and interests in property within the United States, or in the possession or control of U.S. persons, of weapons of mass destruction proliferators and their supporters. Persons that are designated under the Executive Order are denied access to the U.S. financial and commercial systems, and U.S. persons, wherever located, are prohibited from engaging in transactions with them. This national authority allows the United States to implement effectively the provisions set forth in operative paragraphs 12, 13, 14 and 15 of UNSCR 1737 (2006).

Consistent with U.S. laws and regulations, the Departments of State and Treasury are taking the necessary steps to designate those individuals and entities listed by the United Nations Security Council in UNSCR 1803. It is important to note that adequate identifying information is crucial and necessary to properly implement the asset freeze. Identifying information is necessary to avoid confusion and prevent innocent parties from being wrongly penalized. We have shared publicly available identifier information with partner countries. This information can be viewed at the Office of Foreign Assets Control (OFAC) website at: www.treasury.gov/offices/enforcement/ofac/index.shtml.

Paragraph 8: Decides that all States shall take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories or by their nationals or using their flag vessels or aircraft to, or for use in or benefit of, Iran, and whether or not originating in their territories of:

(a) all items, materials, equipment, goods and technology set out in INFCIRC/254/Rev.7/Part 2 of document S/2006/814, except the supply, sale or transfer, in accordance with the requirements of paragraph 5 of resolution 1737 (2006), of items, materials, equipment, goods and technology set out in sections 1 and 2 of the Annex to that document, and sections 3 to 6 as notified in advance to the Committee, only when for exclusive use in light water reactors, and where such supply, sale or transfer is necessary for technical cooperation provided to Iran by the IAEA or under its auspices as provided for in paragraph 16 of resolution 1737 (2006);

(b) all items, materials, equipment, goods and technology set out in 19.A.3 of Category II of document S/2006/815;

The United States does not permit the export to Iran of any items that could contribute to Iran's nuclear or nuclear weapon delivery programs. This includes all of the items specifically listed in INFCIRC/254/Rev.7/Part 2 as set out in United Nations document S/2006/814, even when for exclusive use in light water reactors and where necessary for IAEA technical cooperation, and 19.A.3 of Category II of S/2006/815. Exports and re-exports of these items from either list to Iran are prohibited both by the Arms Export Control Act (AECA) and the International Emergency Economic Powers Act (IEEPA), the latter of which is the legal authority for the Executive Orders that established comprehensive trade sanctions against Iran.

Paragraph 9: Calls upon all States to exercise vigilance in entering into new commitments for public provided financial support for trade with Iran, including the granting of export credits, guarantees or insurance, to their nationals or entities involved in such trade, in order to avoid such financial support contributing to the proliferation sensitive nuclear activities, or to the development of nuclear weapon delivery systems, as referred to in resolution 1737 (2006);

The U.S. prohibits direct and indirect financial ties with Iran via the Office of Foreign Assets Control (OFAC)-administered Iran country sanctions program (Iranian Transactions Regulations). New investments by U.S. persons, including commitments of funds or other assets, loans or any other extensions of credit, in Iran or in property (including entities) owned or controlled by the Government of Iran are prohibited. Payments for licensed sales of agricultural commodities, medicine and medical devices must reference an appropriate OFAC license and may not involve a debit or credit to an account of a person in Iran or the Government of Iran maintained on the books of a U.S. depository institution. Payments for and financing of such licensed sales may be accomplished by cash in advance, sales on open account (provided the account receivable is not transferred by the person extending the credit), or by third country financial institutions that are neither U.S. persons nor Government of Iran entities. Financing of such licensed sales may not, however, involve global financial institutions designated pursuant to one or more OFAC authorities. Any other arrangements must be specifically authorized by OFAC. Additionally, U.S. depository institutions may advise and confirm letters of

credit issued by third country banks covering licensed sales of agricultural commodities, medicine and medical devices.

Paragraph 10: Calls upon all States to exercise vigilance over the activities of financial institutions in their territories with all banks domiciled in Iran, in particular with Bank Melli and Bank Sad.rat, and their branches and subsidiaries abroad, in order to avoid such activities contributing to the proliferation sensitive nuclear activities, or to the development of nuclear weapon delivery systems, as referred to in resolution 1737 (2006).

Prior to the adoption of UNSCR 1803, on 25 October 2007, the United States designated Bank Melli under Executive Order 13382 for providing banking services to entities involved in Iran's nuclear and ballistic missile programs, including entities listed by the United Nations Security Council for their involvement in those programs, and Bank Saderat under Executive Order 13224 (which provides authorities similar to those in Executive Order 13382) for acting as a terrorist financier for Hizballah, Hamas, PFLP-GC and Palestinian Islamic Jihad (PIJ). Subsequent to the adoption of UNSCR 1803 and statements issued by the Financial Action Task Force (FATF) in October 2007 and February 2008 regarding deficiencies in Iran's anti-money laundering and combating the financing of terrorism (AML/CFT) regime, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an advisory to U.S. banks on 20 March 2008 citing UNSCR 1803 and the FATF statements. The U.S. advisory noted that the FATF statement, combined with the specific call for vigilance in UNSCR 1803, illustrated the increasing risk to the international financial system posed by the Iranian financial sector, including the Central Bank of Iran. The U.S. advisory also provided a list of Iranian institutions, including Iranian-owned financial institutions outside of Iran. The U.S. advisory urged all financial institutions to take into account the risk arising from the deficiencies in Iran's AML/CFT regime, as well as applicable U.S. and international sanctions programs, with regard to transactions with those financial institutions. The full text of the U.S. advisory is available at http://www.fincen.gov/fin-2008a002.html.

Paragraph 11: Calls upon all States, in accordance with their national legal authorities and legislation and consistent with international law, in particular the law of the sea and relevant international civil aviation agreements, to inspect the cargoes to and from Iran, of aircraft and vessels, at their airports and seaports, owned or operated by Iran Air Cargo and Islamic Republic of Iran Shipping Line, provided there are reasonable grounds to believe that the aircraft or vessel is transporting goods prohibited under this resolution or resolution 1737 (2006) or resolution 1747 (2007);

The United States cooperates closely with partner states to scrutinize the activities of Islamic Republic of Iran Shipping Line (IRISL) and Iran Air Cargo as well as all Iranian cargo shipment companies, in accordance with domestic law and international legal frameworks, that pass through their airports, seaports and other border crossings, and takes appropriate steps to prevent the transfer of items prohibited by the resolution. The United States works with like-minded states bilaterally and in multilateral fora to prevent the trafficking in nuclear, chemical or biological weapons, their means of delivery and related materials to states of concern such as Iran. U.S. efforts in this regard are exemplified by the Proliferation Security Initiative (PSI). The PSI is an international counterproliferation effort

aimed at preventing and disrupting shipments of weapons of mass destruction, their delivery systems and related materials flowing to or from states or non-state actors of proliferation concern. On 4 September 2003, PSI partners agreed to and published the PSI "Statement of Interdiction Principles" (SOP), which reflects the commitment of states to establish a more coordinated and effective basis through which to impede and stop shipments of WMD, delivery systems and related materials flowing to and from states and non-state actors of proliferation concern. The SOP stresses that actions taken are consistent with national legal authorities and relevant international law and frameworks. The United States encourages all responsible states to endorse PSI and be willing to assist in interdiction activities. The United States, in partnership with many PSI partners, has implemented a series of PSI training exercises through which states that have endorsed PSI will continue to enhance their operational interdiction capabilities and national coordination mechanisms. These exercises continue to raise awareness about the steps that are necessary for successful interdictions, focus on improving communications and forge closer relationships with our PSI partners.

In addition, the U.S. Coast Guard (USCG) issued Port Security Advisory 3-08 stating that, effective 2 April 2008, it will impose conditions of entry on vessels arriving from Iran. Any vessel arriving in the United States that called in Iran during its previous five port calls must demonstrate the following: (1) that it implemented measures in accordance with the ship's security plan equivalent to Security Level 2, a "medium risk" security level which triggers specific security measures necessary for a ship to enter a port facility; (2) that each access point to the vessel was guarded and that the guards had total visibility of the exterior to the ship while in the Iranian port; (3) that it attempted to execute a Declaration of Security, an agreement between the ship and port authorities about the security measures to be taken at the interface between the ship and the port facility; (4) that it logged all security actions in the ship's log; (5) that it reported such actions to the USCG Captain of the Port (COTP) prior to arrival in the United States; and (6) that each access point to the vessel is guarded and that the guards have total visibility of the exterior to the ship during US port calls.